



The Smallest State • The Strongest Voice

Jeff S. Jordan
Supervisory Attorney
Federal Election Commission
999 E Street NW
Washington, DC 20463

July 28, 2006

FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2006 JUL 31 10:16

RE: MUR 5770

Dear Mr. Jordan,

Please accept this letter as a formal response to the Complaint filed by the National Republican Senatorial Committee ("NRSC") against the Laffey US Senate campaign and Mayor Stephen Laffey.

I. INTRODUCTION

The NRSC makes one allegation against Laffey US Senate and Mayor Laffey. The NRSC alleges that when the City of Cranston sent a letter signed by Mayor Laffey to the taxpayers of Cranston, enclosed with their tax bills, this was a coordinated political communication in violation of federal election law. This is not the case.

First, the letter sent by Mayor Laffey to the taxpayers of Cranston enclosed with their tax bills is a routine practice performed by mayors of Cranston for many years.¹ State and municipal elected officials have exercised the right to communicate with their constituents on issues of a state and local nature. Similarly, federal officials, such as Senator Chafee, use their franking privilege to communicate with their constituents on issues of a federal nature.²

Second, the letter did not discuss nor make any mention of a federal race or any federal issues. It merely discussed the financial progress the City had made over the

¹ Providence Journal article of 6/28/06 (enclosed in NRSC complaint), and other tax letters attached.

² Providence Journal article of 7/17/06, and Chafee's letter sent Rhode Island residents about emergency preparedness attached.

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course of the last four years. It compared Cranston's fiscal situation to other Rhode Island communities. The letter also provided taxpayers with fiscal warning signs to ensure the continued financial recovery of Cranston from near bankruptcy four years prior. The warning signs used a skull and crossbones symbol for emphasis. A skull and crossbones symbol is not a political symbol unlike donkeys and elephants, which can be symbols of political parties. Also, the salutation used to conclude the letter was "as always, fighting for you". Mayor Laffey uses this salutation in much of his correspondence as others would state "sincerely" or "God Bless America".³ It is not a slogan or a concept which is synonymous with only Mayor Laffey. Slogans identified by the Commission as clearly expressly advocating for the election of a candidate includes the name of the candidate.⁴ Furthermore, it can be presumed that other elected officials "fight" for their constituents, and thus the phrase "fighting for you" would not be synonymous politically with only Mayor Laffey.

II. ANALYSIS

As for the three part analysis performed by the NRSC in an attempt to demonstrate coordination, it fails on numerous grounds. First, for the City of Cranston's expense of \$3,300 to be considered a campaign expenditure and thus, subject to the coordination prohibitions, it must be an expenditure under federal election law.⁵ An expenditure is a payment made "for the purpose of influencing any election for Federal office".⁶ The letter, signed by Mayor Laffey, and sent by the City Cranston was not for the purpose of influencing any election for Federal office. The letter was no different than other letters sent by Mayor Laffey or previous mayors, which discussed the fiscal status of the City of Cranston.

In regards to the letter's content, it is clear that the letter can not be an electioneering communication since it was sent out more than 30 days before the primary election and was transmitted not through broadcast media.⁷

³ See prior tax letters.

⁴ 11 CFR 100.22.

⁵ 11 CFR 109.1.

⁶ 11 CFR 100.111.

⁷ 11 CFR 109.21(c) (1), and 11 CFR 100.29.

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It is also apparent that the letter is not campaign material because there is no mention of any federal issues or federal races.⁸ In addition, the letter does not expressly advocate for the election or defeat of a federal candidate. It also does not contain a slogan which in the context can have no other reasonable meaning than to urge the election or defeat of a candidate such as stating: "Nixon's the One".⁹ The NRSC can only claim that the letter is a public communication directed to voters 120 days before an election. However, the definition of public communication states it is "any other form of general public political advertising".¹⁰ The letter signed by Mayor Laffey and sent by the city of Cranston was not political advertising, and certainly did not advertise anything regarding any federal issues or a federal race. Furthermore, the letter was not directed to voters. The letter was directed to property owners. Not all Cranston property taxpayers are Rhode Island voters. Some property owners who received the letter are businesses, are not registered to vote, or may be registered to vote in another state. The mailing of property bills and the accompanying letter from Mayor Laffey was not sent to a list of registered voters but a list of taxpayers, and the two are not identical.

As for the conduct standard for coordination, the letter signed by Mayor Laffey and sent by the City of Cranston appears to fall under the safe harbor provision. The safe harbor provision allows a candidate to respond to an inquiry about policy issues but the response can not discuss campaign plans, projects, or activities.¹¹ A mayor of Cranston is frequently asked questions about the fiscal status of the city as well as taxes in general. Mayor Laffey's letter responded to these types of inquiries by discussing the financial health of the city and providing warning signs for taxpayers to determine when the financial health of the city may be in danger. However, the letter did not discuss any campaign plans, projects, or activities.

⁸ 11 CFR 109.21(c)(2).

⁹ 11 CFR 109.21(c)(3) and 11 CFR 100.22.

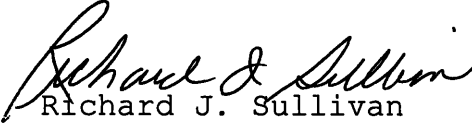
¹⁰ 11 CFR 100.26.

¹¹ 11 CFR 109.21(f).

III. CONCLUSION

The letter did not violate federal election law. The letter is not an expenditure made for the purpose of influencing a federal race. It is not a public communication under federal election law because it is not political advertising directed to voters. Furthermore, the letter is a response to inquiries by taxpayers as to Cranston's fiscal status. The cost of this letter was approximately \$3,300. However, it would take a much larger investment of resources to fully explore and investigate the issues this complaint would generate. If the Commission were to interpret its public communication regulation to prohibit the ability of state and elected officials to communicate with their constituents about state and local issues, it would raise a host of constitutional issues dealing with freedom of speech, federalism, and potentially equal protection if federal officials are allowed to use their franking privilege at any time. The Commission should interpret its regulations to allow state and local officials to communicate with their constituents about state and local issues, which is all this letter did. Thus, the Commission should dismiss this complaint against Laffey US Senate and Mayor Laffey.

Sincerely,



Richard J. Sullivan

Treasurer

Laffey US Senate

Attachments

27044173899

State slow in raising public awareness, but others have picked up some of the slack

01:00 AM EDT on Monday, July 17, 2006

BY PETER B. LORD
Journal Environment Writer

The state completed a hurricane response plan just in time for this year's hurricane season, which began on June 1. But it failed to meet its next most important goal -- informing the public.

Governor Carcieri said in May that he wanted it done -- fast. He wanted preparedness tips and maps of the evacuation routes mailed to every house in a coastal flood zone.

Robert Warren, director of the state's Emergency Management Agency, said he planned to launch the publicity campaign by mid-June.

Neither goal has been met.

Right now the state is trying to heighten public awareness using a few thousand copies of an old brochure that depicts a hurricane on the cover with a happy face.

An early version included an old Internet address for the state's EMA Web site that no longer exists.

Armand Randolph, the EMA's public information officer, said last week he is doing the best he can in the time available. Randolph has been working on a public outreach campaign since the evacuation maps were published online in February.

One problem, he said, is that he can't figure out how to get addresses just for homes in the flood zones.

Randolph said he has prepared a new booklet targeting vacationers, but he had no copy available. He said he expects 20,000 copies from the printer soon.

Meanwhile, Steve Kass, administration communications director, said last week that the state plans to make a much larger distribution of booklets containing the maps and tips requested by Carcieri. But he says it will take a few more weeks.

Kass said he became involved in the public outreach effort about a month ago when he realized the campaign wasn't going as quickly as the governor wanted. But he said he may have caused some additional delays by trying to research educational materials used in Florida, which has much more experience with

Extra

Your turn: Responders: are you confident your communications equipment will be sufficient during an emergency?

Your turn: How prepared are you - right now - to survive a direct hit from a major hurricane?

More...

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hurricanes. But the Florida materials were not readily convertible for use in Rhode Island.

Kass said Carcieri was upset last week that that campaign was behind schedule.

On Friday, Kass said the state would probably award a contract on Monday to a printer for 275,000 new brochures that will be localized with evacuation maps for each town.

The brochures will cost about \$135,000, Kass said, and he is not certain how the state will pay for them. It is looking for corporate sponsors.

He expects that they will be delivered within 12 days, and then the state will begin mailing them to every household in all coastal communities rather than just to those in flood zones. Kass said he wasn't sure how the state would pay for the mailing.

Word is getting out in other ways to encourage Rhode Islanders to get prepared:

27044173901 RIEMA officials have done several radio and television presentations, according to Randolph. The agency has also distributed the old brochures through local insurance companies and is assisting in community meetings.

RIEMA also helped The Journal prepare maps showing flood zones, evacuation routes and shelters. Those maps will be published tomorrow and Wednesday in the Journal's local editions.

Communities have stepped forward to educate their residents. Newport used \$7,500 in donations from the Rhode Island State Firemen's League and other sources to produce its own brochures and recruited 50 American Red Cross volunteers to distribute them a week ago. Cranston used a contribution from Sovereign Bank to print its own evacuation maps, and Mayor Stephen P. Laffey delivered many door to door. Warren Fire Chief Alexander Galinelli is urging his town officials to mail evacuation maps in residents' tax bills.

The Rhode Island Chapter of the American Red Cross has made a major commitment to sponsoring community meetings and presenting its "Together We Prepare" program.

Sen. Lincoln D. Chafee spent nearly his entire \$50,000 annual allotment for mass mailings to send fliers to 340,000 Rhode households. One side touts his efforts to improve hurricane preparations in Rhode Island; the other urges families to take nine steps to prepare -- including designating emergency contact people, teaching children to dial 911 and setting aside a first-aid kit, water, food and other supplies.

"Clearly it's frustrating that we're not further along than we are," says Lt. Gov. Charles J. Fogarty, who is in the unusual position of chairing the state's Emergency Management Advisory Council, which works with the EMA and advises the governor, while he is running this fall against Carcieri, who is in charge of the EMA.

Fogarty said the EMA has done a better job in the last year with Warren at the helm, particularly when compared with the previous year, when the agency's top post went unfilled. But he said more must be done.

"We clearly don't want to panic people," Fogarty said last week. "But as far as we've come, we still have a long way to go. The public information campaign needs to be improved."

It's tough to get people to pay attention because hurricanes in New England are "low frequency but high impact," says David Vallee, the local hurricane expert for the National Weather Service.

Angie Moncada, communications director for the Rhode Island Chapter of the American Red Cross, says

she's convinced the best course is to distribute information locally, with different approaches in each community.

Moncada did communications work in New Orleans after Katrina. She has worked with other professional public relations specialists who volunteer with the Red Cross. And she served on national panels of public relations professionals.

All that work tells her that people have to see hurricane warnings "over and over again" if the message is to sink in, she said.

Moncada said she sees a rising awareness of the need for hurricane preparations. But a recent telephone survey for the Red Cross convinced her that much more needs to be done.

Some 74 percent of the people said they were prepared for a hurricane, but as the surveyors went down a checklist, they found the people weren't as prepared as they thought.

About one-third had first-aid kits and extra food and water, but only 15 percent had an evacuation plan, and only 5 percent knew the location of the nearest shelter.

People were not prepared, the survey found, either because they didn't care or didn't realize the potential dangers, or were overconfident or fatalistic.

Residents of Bristol and Washington counties were more prepared, the survey found, probably because of their proximity to water.

Newport County was least prepared, and that was surprising because most of its households are within 5 miles of the coast.

To improve public awareness, Moncada has met with local emergency management agencies and volunteered to do presentations for residents. She's working on further publicity over the Cox cable system. And Steve Issa, the local chief executive officer for Sovereign Bank, said Friday that the trial program in Cranston was successful and the bank is very interested in co-sponsoring similar campaigns with the Red Cross in more Rhode Island communities.

Moncada works closely with Randolph at the state's EMA and sometimes makes appearances with Vallee from the National Weather Service.

Fogarty said the really critical part of the summer -- when hurricanes are known to form -- is just a few weeks away.

"If a hurricane hits and things don't go as planned," he said, "people won't accept that there wasn't a good mailing list or the right brochures."

plord@projo.com / (401) 277-8036

Online at: http://www.projo.com/news/content/projo_20060717_warn17.17f0082.html



U . S . S E N A T O R

LINCOLN CHAFEE

June, 2006

Does Your Family Know What To Do In the Event of an Emergency?

As the 2006 hurricane season approaches, we recall the tragic events and loss of life that occurred as a result of Hurricane Katrina. Our heartfelt sympathies continue to go out to the victims and their families.

With the proximity of Rhode Island to the ocean, this disaster has caused us all to question our own preparations for an emergency – either natural or man made.

Recently, the Senate Homeland Security Committee traveled to Providence to conduct an extensive hearing to assess Rhode Island's readiness for the upcoming hurricane season.

As your Senator and as a member of the Committee, I invited my colleagues to Rhode Island to ensure that our government is doing everything necessary to prepare for a hurricane or other disaster. After hearing testimony from Governor Carcieri and other top officials, I am working in the Senate to ensure that gaps in readiness are being closed.

For example, I have spearheaded a provision which would transfer control of the Fox Point hurricane Barrier to the Army Corp of Engineers, which has the resources and expertise to ensure the barrier is properly maintained. Moreover, I have cosponsored legislation to streamline emergency response communications to ensure that all responders can effectively communicate with other state, local, and federal entities in the event of a catastrophe. I have also cosponsored legislation to allow New England states and Canadian provinces to share resources and personnel in a time of emergency.

Further, I am working with Senators and FEMA officials to streamline and significantly speed up reimbursements to emergency response agencies that have provided disaster assistance in other areas, such as New Orleans. This is essential to ensure that the necessary resources will be available in the event of an emergency in any region.

For additional information,
the following website
contains many
constructive ideas:

The Department of
Homeland Security:

www.dhs.gov

1-800-BE-READY

I also want to share with you some common-sense ideas on how you can prepare yourself and your family for an emergency.

On the back are nine steps that all families should take to better prepare for emergencies. Please take a few minutes to review the suggestions and post them in your home for future reference.

Please let me know if I can provide any additional assistance.



My Best,

Lincoln Chafee

Lincoln Chafee

Senator Chafee stands at the Fox Point Hurricane Barrier to announce that he has spearheaded legislation that will provide authority for the Army Corps of Engineers to take over its operation and maintenance duties

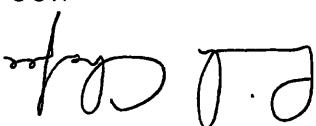
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In Case of an Emergency – Be Prepared!

- Pick a place to meet after a disaster. Designate two meeting places. Choose one right outside your home, in case of a sudden household emergency, such as a fire. The second place you choose needs to be outside your neighborhood, in the event that it is not safe to stay near or return to your home.
- Choose an emergency contact person outside your area because it may be easier to call long distance than locally after a local/regional disaster. Take a minute now to call or e-mail an out-of-town friend or family member to ask him or her to be your family's designated contact in the event of an emergency. Be sure to share the contact's phone number with everyone in the family. During an emergency, you can call your contact who can share with other family members where you are; how you are doing; and how to get in contact with you.
- Teach your children how and when to call 9-1-1 or your local Emergency Medical Services number for help. Post these and other emergency telephone numbers by telephones.
- Check your child's school Web site or call the school office to request a copy of the school's emergency plan. Keep a copy at home and work or other places where you spend a lot of your time and make sure the school's plan is incorporated into your family's emergency plan. Also, learn about the disaster plans at your workplace or other places where you and your family spend time.
- Find out in advance how to care for your pets and working animals when disaster strikes. Pets should not be left behind, but could be taken to a veterinary office, family member's home or animal shelter during an emergency. Also be sure to store extra food and water for pets.
- Practice. Conduct fire drills and practice evacuating your home twice a year. Drive your planned evacuation route and plot alternate routes on a map in case main roads are blocked or gridlocked. Practice drills at home, school and work. Commit a weekend to update telephone numbers, emergency supplies and review your plan.
- Build an emergency supply kit to take with you in an evacuation. You should keep enough supplies to meet the needs of you and your family for at least three days. The basics to stock in your portable kit include: water, food, battery-powered radio and flashlight with extra batteries, first aid supplies, change of clothing, blanket or sleeping bag, wrench or pliers, whistle, dust mask, plastic sheeting and duct tape, trash bags, map, a manual can opener for canned food and special items for infants, elderly, the sick or people with disabilities. Keep these items in an easy to carry container such as a covered trash container, a large backpack, or a duffle bag.
- Take a minute to check your family's first aid kit, and note any depleted items — then, add them to your shopping list. Don't have a first aid kit? Add that to the list or build a kit yourself. Consider creating a kit for each vehicle as well.
- Keep at least a three-day supply of water per person. Store a minimum of one gallon of water per person per day (two quarts for drinking, two quarts for food preparation and sanitation). Store water in plastic containers such as soft drink bottles. Avoid using containers that will decompose or break, such as milk cartons or glass bottles. A normally active person needs to drink at least two quarts of water each day. Hot environments and strenuous activity can double that amount. Children, nursing mothers, and the sick will also need more.

POSTAL CUSTOMER
RHODE ISLAND

U S S
PRSR STD
ECRWS



United States Senate
WASHINGTON, DC 20510-3904
OFFICIAL BUSINESS

6157146

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OFFICE OF THE MAYOR

March 7, 2002

Dear Cranston resident:

I write seeking your support as Cranston faces one of its most difficult challenges. We no longer can afford to manage the demands of the \$195 million unfunded liability in the City's police and fire pension system which was inherited by my administration. For the second consecutive year, I have drafted and introduced legislation before the General Assembly that will allow the City to refinance its unfunded liability through the issuance of pension obligation bonds and once-and-for-all put an end to spiraling pay-as-you-go costs.

The bill, sponsored by Representatives Robert Jacquard, Frank Montanaro, Peter Palumbo, John Simonian, and Beatrice Lanzi, is a crucial piece of my financial recovery plan put in place to erase structural deficits I inherited when I took office in 1999.

Pension obligation bonds have been successfully utilized by a number of municipalities throughout the country and are endorsed by our Wall Street bond rating agencies. By refinancing our unfunded liability with pension obligation bonds, the City stands to save \$10 million annually over the 30-year term of the bonds, according to the City's financial advisor, First Southwest. Without the pension bonds, the City faces a significant tax increase each year to cover the annual pay-as-you-go pension expenses until those costs begin to level in 2027.

Last year, Governor Almond vetoed our legislation and denied the City of Cranston the means of resolving a long-standing financial burden. As of today, the legislation is pending before the House of Representatives and once passed will be transmitted to the Senate. However, Governor Almond has stated that he will not support the issuance of pension obligation bonds and again will exercise his veto power once the Senate passes the bill.

The Governor has maintained that the issue should be brought before the voters. I have never disputed this point, and in fact advocated for a special referendum last year. However, this year, time is of the essence, and given the severity of the City's financial condition, decisive action must be taken immediately.

I have brought leadership to this issue after sixty years of mismanagement and neglect by previous administrations. But now I need the people of Cranston to stand with me in support of a responsible measure, which will correct the problem without overburdening the taxpayers. I urge you to contact Governor Almond and your representatives in the General Assembly and make your feelings known on this issue. They need to hear from Cranston's taxpayers who will bear a heavy burden if the state denies us the tool needed to bring closure to this issue. Failure to enact this legislation will have a very detrimental effect to our quality of life.

Please find contact information for Governor Almond and Cranston's General Assembly delegation on the enclosed sheet. I look forward to communicating with you in the near future about this and other important issues facing our city.

Truly yours,

Mayor John O'Leary

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THE FACTS ABOUT THE CITY'S PENSION BOND LEGISLATION

- The City is seeking state approval to issue up to \$219 million in pension obligation bonds to be repaid over a thirty-year term. Issuance of the bonds will have approval of the Auditor General, the State Public Finance Management Board, and the Cranston City Council.
- Pension bonds will replace escalating costs to the pension system with a lower, fixed annual payment.
- Any future unfunded liability accumulated over the life of the bonds is to be funded through supplemental appropriations over a five-year period. Failure to comply would result in the withholding of general state aid.
- The savings to the City will be \$10 million annually over the 30-year term of the bonds.
- The City's bond rating agencies approve of pension obligation bonds as an acceptable method of refinancing the unfunded liability.
- Voter referendum was included in last year's bill vetoed by Governor Almond. This year, time constraints and increased financial pressures make voter referendum more difficult.
- Failure of this legislation will result in substantial tax increases to cover the annual pay-as-you-go pension expenses until the cost begin to level off in 2027.

Voice your support!

House bill H-6659 Substitute A is pending before the House of Representatives and will require approval by both houses. Governor Lincoln Almond has stated he will veto this legislation if passed by the General Assembly. Contact the Governor and your state legislator to voice your support of the pension obligation bond legislation. The future financial stability of the City rests on the passage of this legislation.

Governor's Office: Phone: 222-2080
Email: rigov@gov.state.ri.us

Address: State House – Room 115
Providence, RI 02903

Cranston's Senators and Representatives

Senator David Iglizzi - District 7
222-3472; 943-7171
sen-iglizzi@rilin.state.ri.us

Representative Beatrice A. Lanzi – District 22
222-2466; 946-7125
blanzi@rilin.state.ri.us

Senator Elizabeth Roberts - District 11
222-4200; 785-9068
sen-roberts@rilin.state.ri.us

Representative Brock D. Bierman – District 23
222-2466; 821-3232
bbierman@rilin.state.ri.us

Senator Hanna Gallo - District 12
222-4016; 942-8566
sen-gallo@rilin.state.ri.us

Representative Frank A. Montanaro – District 24
222-2466; 946-2396
fmontanaro@rilin.state.ri.us

Senator Thomas Izzo - District 13
222-4200; 944-1554
sen-izzo@rilin.state.ri.us

Representative Peter G. Palumbo – District 25
222-2466; 785-2882
ppalumbo@rilin.state.ri.us

Senator Aram Garabedian - District 14
222-5655; 944-7444
sen-garabedian@rilin.state.ri.us

Representative Robert B. Jacquard – District 26
222-2466; 467-6591
riacquard@rilin.state.ri.us

Representative Charlene Lima - District 13
222-2466; 946-5707
clima@rilin.state.ri.us

Representative John S. Simonian – District 27
222-2466; 785-0902
jsimonian@rilin.state.ri.us

Representative Michael S. Pisaturo – District 21
222-2466; 946-1905
mpisaturo@rilin.state.ri.us

Representative Nancy Hetherington – District 28
222-2466; 461-4582
nhetherington@rilin.state.ri.us

27044173905

CITY OF CRANSTON



RHODE ISLAND

JOHN O'LEARY
MAYOR

May 15, 2001

Dear Cranston Taxpayer:

Once again I am pleased to report that my administration has accomplished all of our targeted goals for the year and that we are on course with plans to strengthen the City's financial status while maintaining the high level of services that our residents enjoy. Our bond rating has improved, and a surge in economic development suggests increased confidence in the City among our business community. We have continued to streamline government while professionalizing our finance staff to improve internal financial controls. I promised you positive change two years ago, and this is positive change.

This year's gross municipal budget is \$167,411,116, which represents an increase of \$10,827,647, or 6.9% over the current year's budget. Of that total \$92,374,799 has been allocated for the schools, an increase of \$4,462,000, or 5% over the current year's budget. As a result, the school system has received \$14 million or an 18% increase in funding over the last three years. Also included in this budget are \$9,833,000 for capital improvements to public schools, roads, and other projects, and \$10,580,172 dedicated for debt service. \$40,033,438 has been budgeted for public safety, \$9,654,238 for public works, and \$7,320,450 for recreation, libraries, and senior services.

In order to fund these investments in Cranston's future, we have expanded our revenue streams, improved the City's collection rate, and increased the property tax base, and we have done so by creating operating surpluses and stabilizing the use of the rainy day fund. But in spite of these efforts, expenditures are going up a rate higher than revenue growth, and as a result a revenue gap exists that must be addressed.

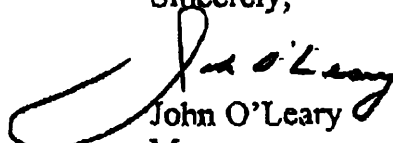
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FROM: FREIGHT COMPANY INC.

In my first year as Mayor, we did not raise property taxes, and we continued to hold the line last year even as we provided the school system with record increases. This year I requested a modest increase of 85 cents, or a 2.6 % adjustment, to offset rising school costs, settlements with our labor unions, and contractual obligations to debt service, medical insurance premiums, pension contributions, and needed replacement of capital equipment. After careful review by City Council, the request was approved, and your tax bill reflects this increase of 85 cents per thousand dollars of assessed value less the 30% homestead exemption. This property tax adjustment will generate an additional \$2,360,000 in much needed revenue necessary to fund our spending priorities, especially school budget increases.

My administration has established a track record of good, honest, and effective government. My management style has been and will continue to be one of leadership by example, and my budgetary goals remain focused on controlling spending, downsizing without jeopardizing services, and representing the best interests of Cranston taxpayers.

Sincerely,


John O'Leary
Mayor

27044173908

Dear Fellow Taxpayer

**GOOD NEWS!!! WE ARE REDUCING TAXES BY 1.5%. LET ME REPEAT
— TAXES ARE REDUCED 1.5%!!!**

As you know, last year we were able to freeze taxes, and this year we have lowered them while continuing to finance the pension and health care retirement fund, increase the Rainy Day Fund, and still budget a prudent tax collection rate! A quick glance at the back of this letter will provide you with a comparison to other cities and towns throughout Rhode Island. You will see that while other towns are raising taxes, some by astronomical percentages, the City of Cranston is the only municipality cutting taxes. Together, we have much to be proud of!

I am humbled and honored to have served as your Mayor over the past four years. When I signed up for the job, I did so with the sole intent of putting Cranston back on its feet, and I am happy to say that together, we have succeeded beyond our expectations! Consider what our city looked like four years ago, and what it looks like today:

HIGHLIGHTS

Pre-Laffey Administration	Today
Deficit of \$11.7 million—about to miss payroll, default on debt	Surplus of nearly \$20 million—largest in RI, including the State
Pension assets: \$9 million and scheduled to go to zero	Pension assets: Nearly \$40 million! Continually funded
Bond Rating: LOWEST IN AMERICA	Bond Rating: Up five notches Investment Grade Fastest turn-around in the Nation
Municipal Contracts: Free health care	Municipal Contract: Teamsters/City workers — 20% co-pay by term of contract
Crossing Guards - \$129.00 per hour cost to the taxpayers	New Crossing Guard Program - \$16.00 per hour with increased services (A savings of \$500,000 per year — or \$5.7 million present day value!)

Folks, I love this city. When I saw Cranston on the verge of bankruptcy, I felt obligated to save the City that raised me. I thank all of you for entrusting me with such a critical job and for staying the course as we staved off the special-interests who tried to destroy our home.

I will not be your Mayor next year. As such, I have one final request from all of you: **BE VIGILANT!** Remember that the same special interests who nearly destroyed our city before will never go away. Below, I am enclosing a cut-out for you to paste on your refrigerators. It is a list of warning signs so you can know when trouble is on the way. If you see any of the items on the list occurring, you will know to stand up and fight back.

Again, I thank all of you for giving me the opportunity to be your Mayor and to save this city that we all love so much.

As always, fighting for you,

Stephen P. Laffey

Stephen P. Laffey
Mayor

Mayor Laffey's Warning Signs

Not Funding Pensions



Late Audits (Due Dec. 31st)



Raiding the Rainy Day Fund



Bad Contracts/Free Health Care



Unrealistic Tax Collection Forecasts



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City	Proposed Tax Hike as of 05-24-06
Providence County	
1 Burrillville	+2.34%
2 Central Falls	TBD
3 Cranston	+1.5%
4 Cumberland	+3%
5 East Providence	+1%
6 Foster	June 15
7 Gloucester	Above +5.6%
8 Johnston	+1.3%
9 Lincoln	+4.5%
10 North Providence	0%
11 North Smithfield	TBD
12 Pawtucket	+3.65%
13 Providence	0% PHONY BUDGET
14 Scituate	+5.5%
15 Smithfield	+4.9%
16 Woonsocket	TBD
Kent County	
17 Coventry	+5%
18 East Greenwich	+1.8%
19 Warwick	+3.2%
20 West Greenwich	TBD
21 West Warwick	+5%
Washington County	
22 Charlestown	+5.5%
23 Exeter	TBD
24 Hopkinton	+5.4%
25 Narragansett	+3.1%
26 New Shoreham	+3.7%
27 North Kingstown	+3.5%
28 Richmond	+6.1%
29 South Kingstown	+4.2%
30 Westerly	TBD
Newport County	
31 Jamestown	TBD
32 Little Compton	TBD
33 Middletown	+3%
34 Newport	+3.9%
35 Portsmouth	+9.37%
36 Tivoli	+6%
Bridge County	
37 Bridgewater	+0.2%
38 Easton	+6.1%
39 Wrentham	+2%

*Based on an unbudgeted \$10 million from the State

Stephen P. Laffey, Mayor

Cranston City Hall
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Cranston, Rhode Island 02910
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www.cranstonri.com



June 13, 2003

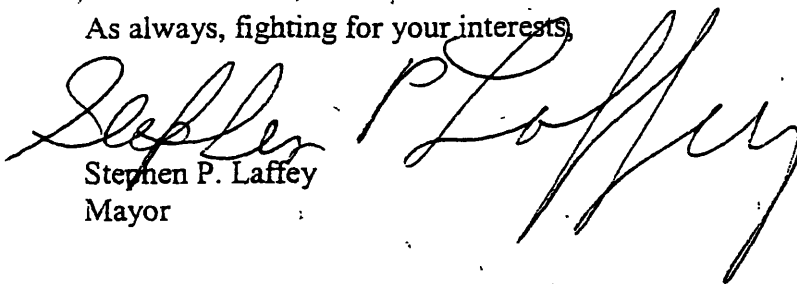
Dear Fellow Taxpayer,

Enclosed is your tax bill for the 2003/2004 fiscal year. For some of you, the bill is lower than you expected, but for others it is higher. The major part of most increases reflects the revaluation that the State of Rhode Island requires all cities and towns to undergo every three years.

We all know that Cranston has been dealt a lousy hand, and the taxpayers of the City have paid the price. As you know, I have attacked on every front – legal, moral, and ethical – to ensure that taxpayers alone will not be responsible to correct the problems. And I will continue to fight to return control of the City to whom it belongs – **you**.

I have appreciated your growing support over these past five months and look forward to sending you a progress report this summer outlining where we are in our mission to restore Cranston to long-term fiscal stability.

As always, fighting for your interests,


Stephen P. Laffey
Mayor

27044173911



Dear Fellow Taxpayer,

As we move into the 2004-2005 fiscal year, I am pleased to say that we have made great strides in the City. Our bond rating is up, our budgeting is no longer in disarray, and our services are operating more efficiently. And folks, we are running surpluses! While a few might argue against us having a surplus, we cannot lose sight of the fact that the sooner we restore the \$10 million "rainy day" fund, the sooner our bond rating reaches investment grade. Then we can be sure that the City's schools, roads, and great facilities can (and will) be maintained and improved. You have done your part toward this success, and my administration has done its part.

But the work is not finished. Unfortunately, the truth of the matter is that special interest groups have not done their part. As you know, a vast majority of Cranston's budget (your money) is tied up in contractual obligations. One major cost is that of health care. The City's expense for health care is increasing over 12% this year while almost no employees pay a portion toward their health care benefits.

These contracts were hastily signed before I took office and are not scheduled for negotiation until next year. Rest assured that when the time comes, I will be bargaining on behalf of the best interests of the 80,000 people of our City.

A Sample of Where Your Money Goes

- **Health Care – City and School Departments - \$30 Million**
- **Fire Department Budget – \$31 Million**
- **School Department Budget - \$110.6 Million**
- **Police and Fire Pension - \$21.5 Million**

Simply put, the job will not be finished until we – you and I – *completely* change the way business is done in Cranston.

While by every reasonable measure, Cranston is far better off than it was just 18 months ago, we must keep fighting to finish the job to protect our seniors and secure the future for my children, your children, and all of the children of Cranston. We *will* see reasonable contracts in this City – ones that reflect what you, the

taxpayers, can afford. I appreciate your patience and the trust you have placed in me to win that fight.

Continuing the Fight,

Stephen P. Laffey
Mayor

27044173912

Stephen P. Laffey, Mayor

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Dear Taxpayer,

There has been much success in the past year! Our bond rating is now investment grade allowing the City to borrow money for projects long overdue such as street paving and construction of a new media center for Cranston East. Because of the elevated bond rating – thus lower interest rates – the City is saving \$12 million dollars by refinancing its debt. Further, we will be saving \$500,000 just this year alone on Crossing Guards. The dark days of yesteryear are in our past. As such, I am pleased to announce that there will be no property tax increase this year!

However, unusually generous labor contractual obligations (signed before I became Mayor) – far in excess of national averages – and federal and state mandates still hamstringing this City (See the square below for examples of the impact on the 2005/2006 budget)

- \$1 million in severance for firefighters – each one who retires receives an average of \$45,000 the day they leave the City
- \$885,000 for 17 paid holidays for active and retired firefighters – (approximately \$450,000 for the retirees) – 18 next year as September 11th is added in 2006
- \$12 million over two years for a State mandated revaluation of your home

And the situation with School funding still looms large. This year, the School Department received a 5.2% increase from the taxpayers of Cranston as voted on by the City Council. For you, that translates to approximately 2.6 times the rate that your income has grown on average.

Let me be blunt: this year we have no tax increase because the City is being run efficiently, and we have been able to build strong reserves. But we must stop unchecked growth in City spending. These expenditures are built into many of our contracts and forced on us through federal and state mandates. We can (and must) change these fiscal commitments through legislation such as the Tax Relief Act of 2005 (see www.cranstonri.com). This act will curb the problem of unfunded mandates, lack of co-pays, and the stripping of management rights. To continue our progress in Cranston, we must pass this legislation now!

I'm fighting for you in contract negotiations, but I need your help as well. Call your State Representatives and Senators and let them know how important it is to you that they vote in favor of legislation that will allow municipalities to be able to freeze, or even reduce taxes. Please visit the City of Cranston website (www.cranstonri.com) to become better informed on this issue and others.

Still Fighting,

Stephen P. Laffey
Mayor

P.S. – Look below for a glimpse of what the tax situation was in Cranston in 1947. A lot has changed. Two-tenths of one percent (0.2%) – that's two cents out of every 10 dollars – of the budget went to the firefighter pension today, the number is over 6% of the budget – that means 60 cents of every 10 dollars! That's 30 times the amount!!

